



News Release



For Immediate Release

USDA Farm Service Agency
PO Box 670
Bozeman, MT 59771-0670

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For More Information:
Dave Pitts 406/587-6787

FSA Increases Loan Limits

Bozeman, MT – Are you considering buying a farm or ranch and aren't sure where to turn? Or do you need financial help in operating your farm or ranch? The USDA Farm Service Agency's (FSA) loan program can assist you in answering these questions.

The 2008 Farm Bill increased the limits on loans to \$300,000 – up from \$200,000 – for direct farm ownership and operating loans. These limits have remained unchanged since 1984. The increased loan limits are expected to help farmers and ranchers whose credit requirements could not previously be met by the FSA loan limits. Some existing FSA borrowers who have already reached the previous limits of \$200,000 will now be eligible to obtain additional credit from FSA. Direct loans are made with government funds and the assistance of FSA in management and budget planning.

FSA in Montana has provided more than \$2.8 million in direct farm ownership loans and more than \$7.5 million in direct operating from September 30, 2007 to present.

Direct loan funds are set aside each year for loans to beginning farmer and ranchers and minorities. During FY 08, FSA in Montana increased lending to minorities, women and beginning farmers and ranchers by approximately 7 percent.

In addition to direct loans, FSA offers guaranteed farm ownership and operating loans, emergency and youth loans.

Under a guaranteed loan, a local agricultural lender makes and services the loan, and FSA guarantees it against loss up to a maximum of 90 percent in most cases. In certain limited circumstances, a 95-percent guarantee is available. FSA has the responsibility of approving all loan guarantees and providing oversight of lenders' activities.

Emergency loans assist farmers who have suffered physical or production losses in areas declared by the President as disaster areas or designated by the Secretary of Agriculture as disaster areas or quarantine areas (for physical losses only, the FSA Administrator may authorize Emergency Loan assistance). For production loss loans, applicants must demonstrate a 30-percent loss in a single farming or ranching enterprise. Applicants may receive loans up to 100 percent of production or physical losses. Loan purposes include both operating and real estate, and repayment terms, depending on the loan purpose and type of collateral securing the loan. The maximum indebtedness under the emergency loan program is \$500,000.

Rural youth loans may be made to individuals who are sponsored by a project advisor, such as a 4-H Club, FFA or local vocational instructor. Individuals must be at least 10 but not more than 20 years old to be eligible. These are available as direct loans only and have a maximum loan amount of \$5,000 and must be used for agricultural purposes.

FSA's loan programs are designed to help family farmers who are temporarily unable to obtain private, commercial credit. In many cases, these are beginning farmers who have insufficient net worth to qualify for commercial credit. In other cases, they are farmers who have suffered financial setbacks from natural disasters, or who have limited resources with which to establish and maintain profitable farming operations.

For further information on FSA loan program, contact your local FSA office or logon to the Montana FSA website at <http://www.fsa.usda.gov/mt>.